

# ₹ rises as oil dips, equities shaky on fragile Israel-Iran ceasefire

Near-term outlook positive for Indian currency as truce takes hold after violations

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The rupee posted its strongest single-day gain in a month on Monday, buoyed up by falling crude oil prices and a weakening US dollar, after American President Donald Trump announced a ceasefire between Israel and Iran, according to currency dealers.

Equity benchmarks Sensex and Nifty 50 surged too, but surrendered most of their intraday gains due to profit-taking, as reports of ceasefire violations by both sides prompted investor caution.

Explosions were reported in Tehran following Israeli air-strikes, despite Trump claiming that Tel Aviv had agreed to halt strikes at his command to preserve the hours-old ceasefire. The office of Israeli Prime Minister Benjamin Netanyahu later confirmed a strike on a radar site near Tehran, describing it as retaliation for Iranian missiles launched three-and-a-half hours after the ceasefire was due to begin.

Early on Tuesday, Trump announced a "complete and total" ceasefire between Israel and Iran aimed at ending hostilities. On the back of the announcement, the rupee strengthened past the 86-per-dollar mark, closing at 85.97, compared with the previous close of 86.75.

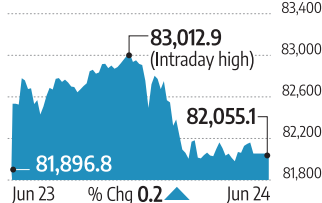
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Emergency workers at the site of an Iranian missile attack in Israel's Be'er Sheva on Tuesday. The attack came after the ceasefire announcement

PHOTO: REUTERS

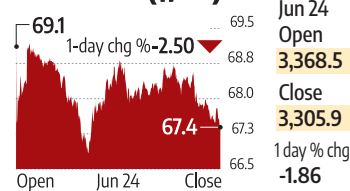
## The choppiness



## Nifty 50

	Jun 23	Intraday high	Close
	24,971.9	25,307.1	25,044.4
% Chg		0.3	

## Oil, gold slip



## Gold (\$/Oz)

	Jun 24
Open	3,368.5
Close	3,305.9
1 day % chg	-1.86

## ₹ shines

	₹ vs \$ (spot)	% Chg
Best single-day gains for ₹ vs \$ in 2025		
May 23,	85.22	0.93
Jun 24,	85.97	0.91
Apr 30,	84.49	0.90

Oil, gold prices as of 6pm IST Sources: Bloomberg, exchanges Compiled by BS Research Bureau

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### Russian crude flows to increase despite low discounts

The Israel-Iran war is likely to see a surge in India's share of Russian crude in the coming months beyond the 10-month high seen in May. This comes even as discounts on Russian crude grades have shrunk to their lowest in two years.

■ **Datanomics:** Hormuz still critical for crude oil import

### Marine insurers may look to revise coverage rates

Marine insurers are monitoring the situation in the Persian Gulf, fearing that if the conflict between Israel and Iran escalates, they may have to issue notices of cancellation for war risk coverage or revise insurance rates.

■ Global mkts rally Sec II, P1 ►

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■ Trump lashes out at Israel, Iran as ceasefire teeters

# Gold prices fall to over 2-week low on ceasefire announcement

The currency appreciated by 0.91 per cent, its second-largest single-day gain this year, after a 0.93 per cent rise on May 23.

“The pressure was off the rupee as crude fell below \$70 per barrel and the dollar index declined,” said the treasury head at a private bank. “Bearish positions against the rupee were cut on the ceasefire news.”

Domestic equity indices rallied over 1.3 per cent after Trump’s initial announcement, but pared gains after Israel accused Tehran of violating the truce. The Sensex rose as much as 1,121 points to a high of 83,018 before closing at 82,055, up 158 points or 0.2 per cent. The Nifty 50 ended the day at 25,044, up 72.5 points or 0.3 per cent, having earlier touched 25,318 -- its highest level in nearly nine months.

Brent crude futures were down \$3.47, or 4.85 per cent, at \$68.01 a barrel by 8.10 pm IST. The 12-day war had triggered high volatility in oil prices, with Brent crude trading in an \$11.86 range (until on Monday), its widest since July 2022. Gold prices dropped to over two-week low as the ceasefire announcement dented safe-haven demand for bullion. Spot gold was down 2.19 per cent to \$3,305.54 an ounce, as of 8.10 pm IST.

The dollar index, which tracks the greenback against six major currencies, slipped 0.2 per cent to 98.

The rupee has depreciated by 0.5 per cent against the dollar in the current financial year and by 0.4 per cent in the calendar year to date. Market

participants said the rupee may continue to trade with an appreciation bias, with resistance seen near 85.80 per dollar.

“The pair is testing key resistance around 86.70. A move above this level could take it to 87.20. But if it slips below 85.80, a reversal is likely. The trend remains positive as long as support holds,” said Ritesh Bhansali, vice-president at Mecklai Financial Services.

India’s foreign exchange reserves, currently at \$699 billion, continue to provide a buffer for the rupee. Reserves are just below the record high of \$705 billion reached in September 2024.

“With oil prices easing, the rupee may strengthen further to 85.50. We’re also seeing additional flows this week, beyond the HDB Financial Services IPO, including FTSE rebalancing and SBI’s ₹25,000 crore QIP,” said Anil Kumar Bhansali, head of treasury and executive director at Finrex Treasury Advisors.

Traders are now watching for Federal Reserve Chair Jerome Powell’s testimony to US lawmakers on Tuesday and Wednesday. “For the time being, we are well positioned to wait to learn more about the likely course of the economy before considering any adjustments to our policy stance,” he said on Tuesday.

On Monday, Fed Vice Chair Michelle Bowman, however, had signalled openness to a potential rate cut in July if inflation remains subdued, prompting markets to price in around 55 basis points of easing by year-end.